

United States Senate

WASHINGTON, DC 20510

December 18, 2013

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The Honorable Gina McCarthy
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Dear Administrator McCarthy,

I am deeply concerned about the recently released draft proposal for the 2014 Renewable Volume Obligations (RVOs) under the Renewable Fuel Standard (RFS) which would severely roll-back the 2014 mandates to levels that could be devastating to both the bio-fuels industry and farmers in North Dakota. The reductions proposed, and a reduction of any type, is troubling, as the RFS has proven to be an incredibly successful program. It has helped lead to lower prices at the pump, decreased dependence on foreign oil, fuel-based emissions reductions, and has stimulated economic development in rural areas across the country.

The current RFS was enacted as part of the Energy Independence and Security Act (EISA) of 2007, which set yearly targets to meet the goal of 32 billion gallons of renewable fuel by 2022. The EPA has waiver authority under the RFS to change biofuel levels under a limited set of extreme scenarios. Since the industry has continued to meet the biofuel volume requirements in recent years, it is surprising that the EPA plans to use this limited authority to lower biofuel volumes for 2014.

As written in the original law, the RFS provides long-term regulatory certainty for the biofuels industry. This certainty not only benefits biofuels producers, but farmers who harvest biofuel feedstocks, companies that distribute the fuels, and research and development firms who work to improve cellulosic and advanced biofuels technologies. Significant investment has already been made by this industry in developing biofuel technologies with tremendous returns. Biodiesel and corn-based ethanol production has exceeded targets and cellulosic plants are currently being brought-online at a faster pace.

Economic benefits of the RFS are evident nation-wide, as the growth of the biofuels industry has created thousands of jobs and the addition of ethanol to the domestic fuel supply has helped to lower gas prices in relation to where they would be if only non-blended gasoline was available on the market. In North Dakota, we have four ethanol plants, employing over 200 workers in high-wage positions, indirectly supporting another 10,000 jobs across the state, purchasing the majority of their corn from North Dakota farmers, and providing millions of dollars in annual payroll to the rural communities where the plants are located. This roll-back would also gravely effect new investments that were made in my state based on the certainty of the increasing volumetric levels in the RFS, in particular a new biorefinery project near Spiritwood, North Dakota that has already secured financing, started site preparation, and is set to begin

construction in January 2014. This project and several more that are in various stages of planning, would be adversely impacted by these proposed reductions in the RFS.

Biodiesel is the only EPA-designated Advanced Biofuel produced on a commercial scale across the country. The industry reached the 1 billion gallon milestone for the first time in 2012, and has the capacity to produce 1.7 billion gallons in 2014. If the EPA leaves the biodiesel requirements stagnant at 1.28 billion gallons in 2014, as proposed, it will be a devastating blow to the biodiesel industry and to canola and soybean growers in North Dakota. The biodiesel plant in Velva, ND generates consistent, strong prices for our local canola growers, provides a number of good paying jobs in the small rural community where it is located, and is one of the largest producers of biodiesel by volume in the country. The biodiesel industry has had strong momentum and leaving the RFS requirement for biodiesel at 1.28 billion gallons would effectively halt that momentum, and could lead to plant closures, layoffs and drastic price drops for canola and soybeans.

The RFS also contributes to increased national energy security, as it enables us to produce a reliable fuel source without relying on the same volume of oil from foreign nations in unstable regions or with unreliable leadership. The RFS displaces nearly 500 million barrels of imported foreign oil on an annual basis, and this has helped shift the geopolitical debate on where and when the United States will engage in foreign zones of conflict. It is clear to me that lowering the volumes of obligated biofuels would be inconsistent with our national goal to support domestic energy production and move further towards energy security and independence.

The biofuel industry created their business models based on the assumption that biofuel volume levels would be consistent with those RFS levels delineated under EISA. Accordingly, they have invested significant research and development in making various blend levels available (e.g. E20, E30 and E85). North Dakota is a leader in this effort to provide choice for consumers; nearly 200 ethanol blender pumps offer higher blends than E15 and these are available in more than 40 communities.

I urge you to evaluate the RFS with consideration of these extremely important economic and national security issues in mind. A true all-of-the-above approach to energy necessitates that we follow-up with our commitments to ensure that biofuels remain an important part of our domestic fuels mix.

Thank you in advance for your consideration of this matter.

Sincerely,



Heidi Heitkamp
United States Senate